

AMENDED IN ASSEMBLY APRIL 17, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 371

Introduced by Assembly Member Koretz

February 20, 2001

An act to amend Sections 1785.15 and 1785.17 of, and to add Section 1785.15.3 to, the Civil Code, relating to consumer credit.

LEGISLATIVE COUNSEL'S DIGEST

AB 371, as amended, Koretz. Consumer credit reporting agencies.

Existing law governs the disclosure of consumer credit reports. A consumer credit reporting agency must make specified disclosures of information contained in a consumer credit report upon the request of a consumer and must provide a free disclosure if the consumer has been turned down for credit, employment, insurance, or a rented dwelling because of information in his or her credit report *within the preceding 60 days*.

This bill would require a consumer credit reporting agency to notify a consumer when, within a ~~one-year~~ *60-day* period, the consumer credit reporting agency has received 3 credit inquiries or has received a report that would add negative information to the consumer's file and to provide a free copy of his or her file to such a consumer upon request. The bill additionally would require a consumer credit reporting agency to provide one free copy of a consumer's file per year upon the request of the consumer, in addition to the disclosures without cost required under existing law and that would be required by the above described provisions of this bill.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1785.15 of the Civil Code is amended
2 to read:
3 1785.15. (a) A consumer credit reporting agency shall
4 supply files and information required under Section 1785.10
5 during normal business hours and on reasonable notice. In addition
6 to the disclosure provided by this chapter and any disclosures
7 received by the consumer, the consumer has the right to request
8 and receive all of the following:
9 (1) Either a decoded written version of the file or a written copy
10 of the file, including all information in the file at the time of the
11 request, with an explanation of any code used.
12 (2) A credit score for the consumer, the key factors, and the
13 related information, as defined in and required by Section
14 1785.15.1.
15 (3) A record of all inquiries, by recipient, which result in the
16 provision of information concerning the consumer in connection
17 with a credit transaction that is not initiated by the consumer and
18 which were received by the consumer credit reporting agency in
19 the 12-month period immediately preceding the request for
20 disclosure under this section.
21 (4) The recipients, including end users specified in Section
22 1785.22, of any consumer credit report on the consumer which the
23 consumer credit reporting agency has furnished:
24 (A) For employment purposes within the two-year period
25 preceding the request.
26 (B) For any other purpose within the 12-month period
27 preceding the request.
28 Identification for purposes of this paragraph shall include the
29 name of the recipient or, if applicable, the fictitious business name
30 under which the recipient does business disclosed in full. If
31 requested by the consumer, the identification shall also include the
32 address of the recipient.
33 (b) Files maintained on a consumer shall be disclosed promptly
34 as follows:



1 (1) In person, at the location where the consumer credit
2 reporting agency maintains the trained personnel required by
3 subdivision (d), if he or she appears in person and furnishes proper
4 identification.

5 (2) By mail, if the consumer makes a written request with
6 proper identification for a copy of the file or a decoded written
7 version of that file to be sent to the consumer at a specified address.
8 A disclosure pursuant to this paragraph shall be deposited in the
9 United States mail, postage prepaid, within five business days after
10 the consumer's written request for the disclosure is received by the
11 consumer credit reporting agency. Consumer credit reporting
12 agencies complying with requests for mailings under this section
13 shall not be liable for disclosures to third parties caused by
14 mishandling of mail after the mailings leave the consumer
15 reporting agencies.

16 (3) A summary of all information contained in files on a
17 consumer and required to be provided by Section 1785.10 shall be
18 provided by telephone, if the consumer has made a written request,
19 with proper identification for telephone disclosure.

20 (4) Information in a consumer's file required to be provided in
21 writing under this section may also be disclosed in another form
22 if authorized by the consumer and if available from the consumer
23 credit reporting agency. For this purpose a consumer may request
24 disclosure in person pursuant to Section 1785.10, by telephone
25 upon disclosure of proper identification by the consumer, by
26 electronic means if available from the consumer credit reporting
27 agency, or by any other reasonable means that is available from the
28 consumer credit reporting agency.

29 (c) "Proper identification," as used in subdivision (b) means
30 that information generally deemed sufficient to identify a person.
31 Only if the consumer is unable to reasonably identify himself or
32 herself with the information described above, may a consumer
33 credit reporting agency require additional information concerning
34 the consumer's employment and personal or family history in
35 order to verify his or her identity.

36 (d) The consumer credit reporting agency shall provide trained
37 personnel to explain to the consumer any information furnished
38 him or her pursuant to Section 1785.10.

39 (e) The consumer shall be permitted to be accompanied by one
40 other person of his or her choosing, who shall furnish reasonable

1 identification. A consumer credit reporting agency may require
2 the consumer to furnish a written statement granting permission to
3 the consumer credit reporting agency to discuss the consumer's
4 file in that person's presence.

5 (f) Any written disclosure by a consumer credit reporting
6 agency to any consumer pursuant to this section shall include a
7 written summary of all rights the consumer has under this title and
8 in the case of a consumer credit reporting agency which compiles
9 and maintains consumer credit reports on a nationwide basis, a
10 toll-free telephone number which the consumer can use to
11 communicate with the consumer credit reporting agency. The
12 written summary of rights required under this subdivision is
13 sufficient if in substantially the following form:

14 "You have a right to obtain one free copy of your credit file from
15 a consumer credit reporting agency per year upon request. For
16 each additional copy, you may be charged a reasonable fee not
17 exceeding eight dollars (\$8). You also have a right to obtain one
18 free copy of your credit report if you have been turned down for
19 credit, employment, insurance, or a rental dwelling because of
20 information in your credit report within the preceding 60 days. In
21 addition, you also have a right to receive a free copy of your credit
22 file if, within a ~~12-month~~ 60-day period, the consumer credit
23 reporting agency receives three credit inquiries about you or a
24 report that would add negative information to your file. The
25 consumer credit reporting agency must provide someone to help
26 you interpret the information in your credit file.

27 You have a right to dispute inaccurate information by contacting
28 the consumer credit reporting agency directly. However, neither
29 you nor any credit repair company or credit service organization
30 has the right to have accurate, current, and verifiable information
31 removed from your credit report. Under the Federal Fair Credit
32 Reporting Act, the consumer credit reporting agency must remove
33 accurate, negative information from your report only if it is over
34 seven years old. Bankruptcy information can be reported for 10
35 years.

36 If you have notified a credit reporting agency in writing that you
37 dispute the accuracy of information in your file, the consumer
38 credit reporting agency must then, within 30 business days,
39 reinvestigate and modify or remove inaccurate information. The
40 consumer credit reporting agency may not charge a fee for this

1 service. Any pertinent information and copies of all documents
2 you have concerning an error should be given to the consumer
3 credit reporting agency.

4 If reinvestigation does not resolve the dispute to your
5 satisfaction, you may send a brief statement to the consumer credit
6 reporting agency to keep in your file, explaining why you think the
7 record is inaccurate. The consumer credit reporting agency must
8 include your statement about disputed information in a report it
9 issues about you.

10 You have a right to receive a record of all inquiries relating to
11 a credit transaction initiated in 12 months preceding your request.
12 This record shall include the recipients of any consumer credit
13 report.

14 You may request in writing that the information contained in
15 your file not be provided to a third party for marketing purposes.

16 You have a right to bring civil action against anyone, including
17 a consumer credit reporting agency, who improperly obtains
18 access to a file, knowingly or willfully misuses file data, or fails
19 to correct inaccurate file data.”

20 SEC. 2. Section 1785.15.3 is added to the Civil Code, to read:

21 1785.15.3. (a) Every consumer credit reporting agency shall
22 notify a consumer, by letter sent by first-class mail, that the
23 consumer reporting agency will provide the consumer with a copy
24 of his or her consumer file at no charge and a toll-free telephone
25 number to call to provide the consumer reporting agency with the
26 information necessary to request a copy, when one of the following
27 events occurs within a ~~12-month~~ 60-day period:

28 (1) The consumer credit reporting agency has received three
29 credit inquiries pertaining to the consumer.

30 (2) The consumer credit reporting agency has received a report
31 that would add negative information to the file of a consumer.

32 (b) A consumer credit reporting agency need only send one
33 letter to a consumer per ~~12-month~~ 60-day period pursuant to
34 subdivision (a) even if more than one event described in paragraph
35 (1) or (2) of subdivision (a) occurs in this period.

36 (c) Any letter mailed to a consumer pursuant to subdivision (a)
37 shall not contain any identifying information particular to that
38 consumer, including, but not limited to, social security number,
39 place of employment, date of birth, or mother’s maiden name.

(d) Any letter mailed to a consumer pursuant to subdivision (a) may be a form letter; however each letter shall provide the consumer with the number and type of events that occurred relating to the consumer that initiated the letter. Any letter shall also include a notice or separate form that the consumer may complete and return to the consumer credit reporting agency to request a free copy of the consumer's credit report.

(e) Every consumer credit reporting agency shall, upon the request of a consumer, provide the consumer with one copy of his or her file per year at no charge regardless of whether the consumer has made the request in response to the notification required in subdivision (a). Except as provided in subdivision (b) of Section 1785.17, if the consumer requests more than one copy of his or her file per year, the consumer reporting agency may charge the consumer a fee not exceeding eight dollars (\$8) for each additional copy pursuant to paragraph (3) of subdivision (a) of Section 1785.17.

(f) The copies of a credit report required to be provided to a consumer at no charge pursuant to this section are in addition to the copy of such a report required to be provided at no charge pursuant to subdivision (b) of Section 1785.17.

SEC. 3. Section 1785.17 of the Civil Code is amended to read: 1785.17. (a) Except as otherwise provided, a consumer credit reporting agency may impose a reasonable charge upon a consumer, as follows:

(1) For making a disclosure pursuant to Section 1785.10 or 1785.15, the consumer credit reporting agency may charge a fee not exceeding eight dollars (\$8).

(2) For more than one disclosure pursuant to subdivision (a) or subdivision (e) of Section 1785.15.3, the consumer credit reporting agency may charge a fee not exceeding eight dollars (\$8).

(3) For furnishing a notification, statement, or summary, to any person pursuant to subdivision (h) of Section 1785.16, the consumer credit reporting agency may charge a fee not exceeding the charge that it would impose on each designated recipient for a consumer credit report, and the amount of the charge shall be indicated to the consumer before furnishing the notification, statement, or summary.

1 (b) A consumer credit reporting agency shall make all
2 disclosures pursuant to Sections 1785.10 and 1785.15 and furnish
3 all consumer reports pursuant to Section 1785.16 without charge,
4 if requested by the consumer within 60 days after receipt by the
5 consumer of a notification of adverse action pursuant to Section
6 1785.20 or of a notification from a debt collection agency
7 affiliated with the consumer credit reporting agency stating that
8 the consumer's credit rating may be or has been adversely affected.

9 (c) A consumer credit reporting agency shall not impose any
10 charge for (1) providing notice to a consumer required under
11 Section 1785.16 or (2) notifying a person pursuant to subdivision
12 (h) of Section 1785.16 of the deletion of any information which is
13 found to be inaccurate or which can no longer be verified, if the
14 consumer designates that person to the consumer credit reporting
15 agency before the end of the 30-day period beginning on that date
16 of notice under subdivision (d) of Section 1785.16.

